

**OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION**

ORIGINAL

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

THE PEOPLES GAS LIGHT
AND COKE COMPANY

Informational statement pursuant to
Section 6-102(d) of the Illinois Public
Utilities Act in connection with the
proposed issuance and sale of up
to \$175 million aggregate principal
amount of bonds or notes, or a
combination thereof, in one or
more series.

Docket No. 00-0021

CHIEF CLERK'S OFFICE

ILLINOIS
COMMERCE COMMISSION
JAN 11 9 43 AM '00

PROPOSED FORM OF ORDER

On January 11, 2000, The Peoples Gas Light and Coke Company ("Peoples" or the "Company") filed a verified Informational Statement ("Statement") with the Illinois Commerce Commission ("Commission"), pursuant to Section 6-102(d) of the Illinois Public Utilities Act ("Act"), (220 ILCS WI-101 et seq) relating to its request for an Order authorizing the issuance and sale of up to \$175,000,000 aggregate principal amount of bonds or notes, or a combination thereof, in one or more series, on or after January 28, 2000 (the "New First Mortgage Bonds"). The proceeds will be used to refund or refinance three Series of First Mortgage Bonds (Series Y, Z, and BB), thereby completely retiring those Series.

On January ___, 2000, the Commission Staff ("Staff") filed an Answer to the Information Statement. In its Answer, Staff recommended that the Commission issue an Order, pursuant to Section 6-102(d) of the Act, authorizing the issuance described in the Company's Statement.

The Company's Statement

In its Statement, Peoples indicates that it proposes to issue and sell, on or after January 28, 2000 up to \$175,000,000 aggregate principal amount of new debt, in one or more series and in one or more transactions. The proceeds will be used for three purposes. First, \$50,000,000 will be used to refund or refinance the 75% Series Y First Mortgage Bonds maturing March 1, 2015, thereby completely retiring that Series. Second, \$50,000,000 will be used to refund or refinance the 7.5% Series Z First Mortgage Bonds maturing March 1, 2015, thereby completely retiring that Series. The remaining \$75,000,000 will be used to refund or refinance the 8.10% Series BB First Mortgage Bonds maturing May 1, 2020, thereby completely retiring that Series. Series Y and Z were authorized by the Commission's Order in docket 84-0557 and Series BB was authorized by the Commission's Order in Docket 90-0149.

Peoples proposes to issue New First Mortgage Bonds through an arrangement with the City of Chicago. (Note that the Series Y, Z and BB First Mortgage Bonds were also issued through the City of Chicago.) Pursuant to a Loan Agreement, The City of Chicago would enter into an indenture of trust as supplemented by one or more supplemental indentures of trust with a trustee ("Revenue Bond Trustee") and, under that indenture of trust as supplemented, issue and sell an aggregate principal amount not exceeding \$175,000,000 of its Gas Supply Revenue Refunding Bonds, Series 2000 (The Peoples Gas Light and Coke Company Project) (hereinafter referred to as the "Series 2000 Bonds") and loan the proceeds to the Company. The Series 2000 Bonds would be limited obligations of the City of Chicago, payable only from the

proceeds of the Loan Agreement. Because all of the proceeds of the Series 2000 Bonds would be used to refinance certain bonds issued by the City of Chicago under a similar arrangement as the one now proposed and the subject of this information filing, interest on the Series 2000 Bonds will generally be exempt from federal income taxes under existing statutes, regulations, court decisions and rulings.

The Loan Agreement would provide the terms by which the Company would repay the loan of the proceeds from the sale of the Series 2000 Bonds. In order to evidence and secure its obligations under the Loan Agreement, the Company would issue and deliver to the Revenue Bond Trustee an aggregate principal amount not exceeding \$175,000,000 of its First Mortgage Bonds.

Peoples' New First Mortgage Bonds would correspond to the related Series 2000 Bonds with respect to principal amount, interest rate, interest payment and maturity dates, and prepayment and redemption provisions. The New First Mortgage Bonds would be issued pursuant to one or more new supplemental indentures to the First Mortgage Indenture to be entered into by the Company and the Trustee. The New First Mortgage Bonds will be substantially in the form provided in the relevant supplemental indenture.

Staffs Answer

In its Answer, Staff indicates that the Company's proposal is subject to 6-101 of the Act, which requires the Commission to provide proper identification numbers on the proposed New First Mortgage Bonds when issued. Staff states that the proposed debt issuance would be used for the purposes of refunding bonds on which an issuance fee has been paid and would not require another fee. Staff also identifies

various parts of Section 6-102 of the Act as governing the Commission's authority to regulate the issuance of securities by a public utility.

Staff further indicates that Peoples' proposal is exempt from the potentially more involved procedures available to the Commission to investigate other issuances that fall within the purview of Section 6-102(b) because 100% of the proceeds from the proposed debt issuance of \$175 million will be used to refinance existing bonds.

Staff also indicates in its Answer that Section 6-102 (c), (e) and (f) and Section 6-103 through 6-107 are not applicable in the context of this proceeding.

According to Staffs Answer, Peoples' proposal is subject to Section 6-102(d), which requires the filing of an Informational Statement and a Commission order in conformance with Section 6-102(a). Staffs review of the Statement indicates that Peoples properly filed its Statement initiating this proceeding, and that the Statement contains the information required by Section 6-102(d). In addition, Staff stated its opinion that Peoples' financing proposal is reasonably required for the purposes indicated by it.

Finally, Staff notes that Peoples' proposal is subject to 83 Ill. Adm. Code 240 (Reports of Issuance and Sale or Disposal of Securities and the Application of Proceeds), which requires public utilities to meet specified reporting requirements in connection with the issuance and sale of securities.

Based upon all of the foregoing, hearings were waived.

COMMISSION'S CONCLUSION, FINDINGS AND ORDERING PARAGRAPHS

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

- (1) The Peoples Gas Light and Coke Company, is a corporation engaged in the sale and distribution of gas to the public in Illinois and, as such, is a public utility within the meaning of the Public Utilities Act;
- (2) the Commission has jurisdiction over the Company and of the subject matter of this proceeding;
- (3) the statements of fact and law set forth in the prefatory portion of this Order are supported by the evidence of record and are hereby adopted as findings of fact and law;
- (4) the Company's proposed issuance and sale of \$175 million aggregate principal amount of bonds, is not subject to the provisions of Section 6-102(b) of the Act, and is hereby approved in accordance with Section 6-102(d) of the Act;
- (5) the funds to be obtained from the proposed issuance and sale of bonds are reasonably required for the purpose of retiring and refinancing existing bonds;
- (6) in accordance with Section 6-101 of the Act, Peoples should, before issuance and sale of the New First Mortgage Bonds

described herein, cause the following to be placed on the face of such securities as may be issued by the Company: Ill. C.C. No.

- (7) Peoples should comply with the reporting requirements of 83 Ill. Adm. Code 240; and
- (8) Peoples should file reports as required by 83 Ill. Adm. Code 240 relative to the issuance and sale of the securities and application of the proceeds thereof.

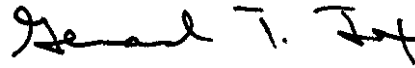
IT IS THEREFORE ORDERED that The Peoples Gas Light and Coke Company's proposed issuance and sale of \$175 million principal amount of bonds, is not subject to the provisions of Section 6-102(b) of the Act, and is hereby approved in accordance with Section 6-1 02(d) of the Act.

IT IS FURTHER ORDERED that The Peoples Gas Light and Coke Company shall comply with Findings (6), (7), and (8) of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this ____ day of January, 2000.

Respectfully submitted,



By: /s/GERARD T. FOX

Gerard T. Fox
An Attorney for
The Peoples Gas Light
and Coke Company

James Hinchliff
Gerard T. Fox
Timothy P. Walsh
Attorneys for
The Peoples Gas Light
and Coke Company
23rd Floor
130 East Randolph Drive
Chicago, Illinois 60601
(312) 240-4341
facsimile: (312) 240-4486

Dated this 10th day of January, 2000